

Democracy and Life Satisfaction: Evidence from Updated Global Data

Patrick Flavin

Baylor University

Patrick_J_Flavin@baylor.edu

Abstract

Empirical studies to date on the political and institutional determinants of life satisfaction have been constrained by country sample size and timeframe. The Gallup World Poll now provides extensive coverage of countries and a long enough timeframe to allow for meaningful within-country evaluations as democratic performance ebbs and flows over time. Using these updated data, the analysis reveals that common measures of democracy focused on political rights and competitive elections appear unrelated to life satisfaction with a worldwide sample. Breaking down the quality of democracy into process and delivery using the World Bank's Worldwide Governance Indicators also reveals no relationship. However, when the six indicators are tested individually, higher levels of government effectiveness in particular are related to more positive life evaluations using two-way fixed effects models and a variety of robustness checks. These findings provide new understanding about the relationship between democratic governance and quality of life.

Keywords: subjective well-being, life satisfaction, democratic performance, government quality

Word count: 4,054

Amid concerns about democratic backsliding and decline around the world (Diamond 2016; Levitsky and Ziblatt 2018), one fundamental debate is whether democracy as a form of government can still “deliver” and advance human well-being. This question has become particularly relevant in contemporary discussions about whether various forms of one-party rule or authoritarianism might provide a more economically efficient model of governance. Ultimately, however, the debate centers around an empirical question: What form of government promotes greater human flourishing?

One straightforward way to investigate this question of human flourishing is to assess under what regime type and governance conditions people are most likely to lead a life they deem satisfying and fulfilling. While empirical studies to date on the political and institutional determinants of happiness or life satisfaction have tended to be constrained by country sample size and/or timeframe, the Gallup World Poll’s life evaluation surveys provide extensive coverage of countries and, importantly, have now established a long enough timeframe to allow for meaningful within-country evaluations as democratic performance ebbs and flows over time. This paper’s original contribution is to leverage these updated data to reassess the relationship between democracy and life satisfaction around the world.

The analysis reveals a nuanced relationship. Common measures of democracy focused on political rights and competitive elections appear unrelated to life satisfaction with a worldwide sample. Breaking down the quality of democracy into process and delivery using the World Bank’s Worldwide Governance Indicators also reveals no statistical relationship. However, when the six indicators are evaluated individually, higher levels of government effectiveness in particular are robustly related to more positive life evaluations using two-way fixed effects

models. Together, these findings provide additional understanding about the relationship between democratic governance and quality of life.

Background

The empirical literature on the linkages between democracy and life satisfaction is large and, generally speaking, inconclusive. A recent review conducted by Berggren and Bjørnskov (2020) identifies fully 37 studies that examine the relationship between political institutions and human happiness and points to conflicting findings on the impact of democracy. For example, Bavetta et al. (2017) find in an analysis of 68 countries that greater political freedom (measured using Polity data) is associated with higher average levels of happiness. In an earlier study, Dorn et al. (2007) also find a positive relationship with a smaller set of countries and, similarly, Rode et al. (2013) find a positive correlation between electoral democracy and life satisfaction in a larger study of 87 countries (also see Paleologou 2022).

By contrast, another set of widely cited studies finds little relationship between democracy and life satisfaction. In one of the earliest contributions to this literature, Veenhoven (2000) finds no link between level of democracy (using Freedom House data) and life satisfaction. Similarly, Inglehart (2009) finds little evidence that level of democracy directly impacts national levels of happiness. Moreover, Berggren and Bjørnskov's (2020, 8) summary judgment of the literature asserts: "Quite a few studies indicate that democracy is not related to life satisfaction in a robust manner."

Between these two poles is a set of studies that find democracy does not impact well-being uniformly and, instead, the effects are present only in a subset of countries. For example, in an analysis of 148 countries, Bjørnskov et al. (2010) find that level of democracy is correlated

with greater life satisfaction for middle and high income countries but not for low income ones. Similarly, Helliwell and Huang (2008) and Ott (2010) find a positive relationship between democratic performance and life satisfaction only among countries in the upper half of the income distribution. These studies seem to suggest that some baseline level of economic prosperity is necessary before democratic quality has an impact.

A related stream of research attempts to disaggregate the concept of democracy into process (political voice and accountability) and technical quality or delivery. Notably, Ott (2010, 2011) finds in a cross-sectional analysis of 130 countries that technical quality of democracy (government effectiveness, regulatory quality, rule of law, control of corruption) is strongly related to higher levels of national happiness. Using a larger sample of countries and longitudinal data, Helliwell et al. (2018, 2021) also find that democratic delivery is associated with higher levels of life satisfaction while democratic process is not. However, a recent evaluation by Woo (2018) suggests that this relationship may also only be confined to higher income countries.

Collectively, then, the literature to date on the relationship between democracy and life satisfaction leaves the topic open for further exploration and appraisal as more extensive data are collected and become available for analysis.

Data and Empirical Strategy

Most studies to date that evaluate the relationship between democracy and subjective well-being use some form of general life evaluation such as happiness or satisfaction with life. As Helliwell, Huang, and Wang (2021) point out, general life evaluation measures tend to have more cross-national variation than measures of positive or negative emotions or affect. Since 2005, the Gallup World Poll has consistently asked the following Cantril ladder question to

measure life evaluation: “Please imagine a ladder with steps numbered from zero at the bottom to 10 at the top. The top of the ladder represents the best possible life for you and the bottom of the ladder represents the worst possible life for you. On which step of the ladder would you say you personally feel you stand at this time?” Importantly, the fact that the Gallup World Poll has surveyed a representative sample of respondents in annual surveys for over 150 countries allows for meaningful analysis of the average level of subjective well-being within countries over time as democratic conditions change.¹

To measure the level of democracy in a country, I use three different indicators: (1) the Electoral Democracy Index from Varieties of Democracy (Coppedge et al. 2021) that encompasses measures of freedom of association, suffrage, clean elections, an elected executive, and freedom of expression, (2) Polity V scores (Marshall and Gurr 2021) that range from +10 (strongly democratic) to -10 (strongly autocratic), and (3) a dichotomous measure of democracy devised by Boix, Miller, and Rosato (2013, 2021) that defines a country as democratic if it satisfies conditions for both contestation (free and fair elections) and participation (threshold value of suffrage). These three measures are aimed at capturing the overall level of democracy in a country for a given year.

In addition, I use measures from the World Bank’s Worldwide Governance Indicators (Kaufmann, Kraay, and Mastruzzi 2010) that aggregates data from several sources to evaluate democratic quality for six different indicators: (1) Voice and Accountability, (2) Political Stability and Absence of Violence/Terrorism, (3) Government Effectiveness, (4) Regulatory Quality, (5) Rule of Law, and (6) Control of Corruption. Previous studies (Helliwell et al. 2018;

¹ Helliwell et al. (2022) report: “Typically, around 1,000 responses are gathered annually for each country. Weights are used to construct population-representative national averages for each year in each country.”

Helliwell, Huang, and Wang 2021) average the first two indicators as a measure of democratic process quality and the final four indicators as a measure of delivery quality. I follow this practice but, in a departure from previous studies, also conduct analyses for each indicator separately to compare and contrast their relative effects.² Because each indicator changes slowly within countries over time, the longer timeframe of Gallup World Poll data now available allows for more precise detection of differences in each indicator's relationship with life satisfaction.

The 0-10 country-year average life evaluation dependent variable is regressed on the measures of democracy described above and two different sets of covariates. Specification #1 includes primarily economic variables such as logged per capita GDP, unemployment rate, and income inequality (share of income that goes to the top 10%) as well as a measure of social connectedness from the Gallup World Poll that is the percentage of respondents who answer "yes" to the question: "If you were in trouble, do you have relatives or friends you can count on to help you whenever you need them, or not?" Specification #2 is based off the World Happiness Report and follows Helliwell et al. (2018) and Helliwell, Huang, and Wang (2021) by including logged per capita GDP, social connectedness, freedom to make life choices, and generosity.³

² While, as expected, the six indicators are correlated, they are not highly correlated enough to preclude examining each separately.

³ Freedom to make life choices is the national average of binary responses (0=no, 1=yes) to the Gallup World Poll (GWP) question "Are you satisfied or dissatisfied with your freedom to choose what you do with your life?" Generosity is the residual of regressing the national average of GWP responses to the donation question "Have you donated money to a charity in the past month?" on log GDP per capita. Healthy life expectancy at birth is not included because the measure follows time trends and does not add to the explanation of within country changes. Similarly, the GWP perceptions of corruption item is not included because corruption is a component of democratic delivery (Helliwell, Huang, and Wang 2021).

Most importantly, all regression estimations include both country and year fixed effects. This allows for the most conservative statistical test of any relationship between democracy and life satisfaction because unobserved or unmeasured differences across countries are captured by the country effects and temporal shocks to happiness in any given year are captured by the time effects. All standard errors are adjusted for clustering by country. The timeframe for the analysis is 2005-2020.

Analysis

The first set of regression estimations evaluate the relationship between overall level of democracy and life satisfaction. Two different specifications and three different measures of democracy (V-Dem, Polity, dichotomous) are used, for a total of six models. The results are reported in Table 1 and reveal that level of democracy is not statistically related to life satisfaction in any of the models. As expected, the coefficients for GDP and social connectedness are generally positive and statistically different from zero across the models while the unemployment rate coefficient is negative. These findings comport with previous studies (Veenhoven 2000; Inglehart 2009) that find no relationship between level of democracy and life satisfaction.

[Table 1 here]

Next, I assess the relationship between quality of democracy and life satisfaction using the World Bank's Worldwide Governance Indicators. Similar to Helliwell et al. (2018) and Helliwell, Huang, and Wang (2021), I take the average of Voice and Accountability and Political Stability and Absence of Violence/Terrorism to measure democratic process quality and, separately, the average of Government Effectiveness, Regulatory Quality, Rule of Law, and

Control of Corruption to measure delivery quality. Using the same two specifications described above, I include each measure separately and then both in the same model. The results reported in Table 2 show that neither democratic process quality nor delivery quality are significant predictors of life satisfaction.⁴ The null finding for delivery quality is particularly interesting because it is at odds with Ott (2010), Helliwell et al. (2018), and Helliwell, Huang, and Wang's (2021) conclusions and suggests that the democratic delivery/life satisfaction link may not hold up as more years of life evaluation data are collected and added to the analysis.

[Table 2 here]

To further probe a possible relationship, I next include each of the six Worldwide Governance Indicators separately to assess their relative effects. As best I can tell, this disaggregation of the indicators has not been attempted in previous published studies on this topic. The results of these 12 estimations (two specifications, six indicators) reported in Table 3 reveal that only one indicator – government effectiveness – is statistically linked to higher levels of life satisfaction. The World Bank explains that the government effectiveness measure “captures perceptions of the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies.” Substantively, a one standard deviation increase in government effectiveness is associated with an increase of .33 (a little less than one-third of a standard deviation) on the 0-10 life evaluation scale.

⁴ For Table 2 and subsequent tables, I only report the coefficients for the democracy measures. Covariates for the model specification described in the text above (#1 or #2) and indicated in the table are included in the regressions but not shown.

[Table 3 here]

Because the government effectiveness indicator in particular (rather than the summary measure of delivery quality using four indicators) being linked to higher levels of life satisfaction is a new finding, I probe its robustness to make sure it is not a statistical artifact. Specifically, I conduct sub-sample analyses by splitting the sample by GDP (above and below median), level of democracy (above and below median for V-Dem's Electoral Democracy Index), and timeframe (2005-2012 vs. 2013-2020). The results are reported in Table 4 and show that the positive relationship between government effectiveness and life satisfaction is generally robust across these different sub-sample analyses. These findings update our understanding and suggest that a more nuanced understanding of the relationship between governance and life satisfaction is necessary going forward.

[Table 4 here]

Discussion

One fundamental expectation citizens have about their government is that it will work to support and advance their well-being. What type of institutional arrangements are most conducive for this task? The global coverage of public opinion surveys that ask people to evaluate the quality of their own lives provides perhaps the most straightforward way to empirically evaluate this question. Moreover, it can provide guidance to theoretical discussions about the relative advantages and potential promises of a democratic form of government.

As reviewed above, the empirical literature to date on the linkage between democratic performance and life satisfaction is decidedly mixed. The availability of additional years of the Gallup World Poll that surveys life evaluations around the globe allows for an updated appraisal

of this relationship. I find that common measures of level of democracy that encompass political rights and competitive elections are unrelated to life satisfaction with a worldwide sample. In contrast to previous studies, I also find that breaking down the quality of democracy into process and delivery using the World Bank's Worldwide Governance Indicators reveals no statistical relationship for either index. However, when the six indicators are evaluated individually, higher levels of government effectiveness in particular are robustly related to more positive life evaluations among citizens.

The findings reported in this paper provide additional insights about the relationship between democratic governance and quality of life and suggest that governments should focus particularly on the effectiveness of policy formulation and implementation to boost citizens' well-being. While the findings are not as clearcut as "more democracy means more happiness," they do point to a meaningful role for government performance in promoting happiness above and beyond societal or cultural factors like social connectedness. As additional years of data continue to become available across countries, further exploration into the potential effects of democratic governance on well-being can be assessed. For example, with notable instances of democratic backsliding seemingly taking hold in several countries, researchers can better assess whether a decline in the general level of democracy leads to a corresponding decline in life evaluations. Moreover, researchers can extend the current analysis to better pinpoint the specific component(s) of democratic government effectiveness that boost life satisfaction. In short, the assessment of what factors (from government to economic to cultural) promote better quality of life across counties and across time has many promising future avenues of inquiry.

References

- Bavetta, Sebastiano, Dario Maimone Ansaldo Patti, Peter Miller, and Pietro Navarra. 2017. "More choice for better choosers: political freedom, autonomy, and happiness." *Political Studies* 65(2): 316-38.
- Berggren, Niclas and Christian Bjørnskov. 2020. "Institutions and life satisfaction." In *Handbook of Labor, Human Resources and Population Economics*, ed. Klaus F. Zimmermann: 1-48.
- Bjørnskov, Christian, Axel Dreher, and Justina A.V. Fischer. 2010. "Formal institutions and subjective well-being: Revisiting the cross-country evidence." *European Journal of Political Economy* 26(4): 419-30.
- Boix, Carles, Michael Miller, and Sebastian Rosato. 2013. "A complete data set of political regimes, 1800–2007." *Comparative Political Studies* 46(12): 1523-54.
- Boix, Carles, Michael Miller, and Sebastian Rosato. 2022. "Boix-miller-rosato dichotomous coding of democracy, 1800-2020. Harvard Dataverse, V1." <https://doi.org/https://doi.org/10.7910/DVN/FENWWR>
- Coppedge, M., Gerring, J., Knutsen, C. H., Lindberg, S. I., Teorell, J., Alizada, N., Altman, D., Bernhard, M., Cornell, A., Fish, M. S., Gastaldi, L., Gjerløw, H., Glynn, A., Hicken, A., Hindle, G., Ilchenko, N., Krusell, J., Luhrmann, A., Maerz, S. F., . . . Ziblatt, D. 2021. "V-Dem Dataset v11.1." <https://doi.org/10.23696/vdemds21>
- Diamond, Larry. 2016. "Democracy in Decline: How Washington Can Reverse the Tide." *Foreign Affairs* 95(4): 151-60
- Dorn, David, Justina A.V. Fischer, Gebhard Kirchgässner, and Alfonso Sousa-Poza. 2007. "Is it culture or democracy? The impact of democracy and culture on happiness." *Social Indicators Research* 82: 505-26.
- Helliwell, John F. and Haifang Huang. 2008. "How's your government? International evidence linking good government and well-being." *British Journal of Political Science* 38(4): 595-619.
- Helliwell, John F., Haifang Huang, Shawn Grover, and Shun Wang. 2018. "Empirical linkages between good governance and national well-being." *Journal of Comparative Economics* 46(4): 1332-46.
- Helliwell, John F., Haifang Huang, and Shun Wang. 2021. "Happiness and the Quality of Government." In *The Oxford Handbook of the Quality of Government*, eds. Andreas Bågenholm, Monika Bauhr, Marcia Grimes, and Bo Rothstein: 601-19.
- Helliwell, John F., Haifang Huang, Shun Wang, and Max Norton. 2022. "Happiness, Benevolence, and Trust During COVID-19 and Beyond." In *World Happiness Report*

- 2022, eds. Helliwell, J.F., Layard, R., Sachs, J.D., De Neve, J.-E., Aknin, L.B., and Wang, S. New York: Sustainable Development Solutions Network.
- Inglehart, Ronald. 2009. "Democracy and happiness: what causes what?" In *Happiness, Economics and Politics*, eds. Amitava Krishna Dutt and Benjamin Radcliff: 256-70.
- Kaufmann, Daniel, Arat Kraay, and Massimo Mastruzzi. 2010. "The worldwide governance indicators: A summary of methodology, data and analytical issues." World Bank Policy Research Working Paper, 5430."
- Levitsky, Steven and Daniel Ziblatt. 2018. *How Democracies Die*. New York: Crown.
- Marshall, Monty G. and Ted R. Gurr. 2020. "Polity V project, political regime characteristics and transitions, 1800-2018." <http://www.systemicpeace.org/inscrdata.html>
- Ott, Jan C. 2010. "Good governance and happiness in nations: Technical quality precedes democracy and quality beats size." *Journal of Happiness Studies* 11(3): 353-68.
- Ott, Jan C. 2011. "Government and happiness in 130 nations: Good governance fosters higher level and more equality of happiness." *Social Indicators Research* 102: 3-22.
- Paleologou, Suzanna-Maria. 2022. "Happiness, democracy and socio-economic conditions: Evidence from a difference GMM estimator." *Journal of Behavioral and Experimental Economics* 101: 101945.
- Rode, Martin, Bodo Knoll, and Hans Pitlik. 2013. "Economic freedom, democracy, and life satisfaction." In *Economic Freedom of the World: 2013 Annual Report*. Vancouver: Economic Freedom Network: 215-33.
- Veenhoven, Ruut. 2000. "Freedom and Happiness: A Comparative Study of 46 Nations in the Early 1990s." In *Culture and Subjective Well-Being*, eds. Ed Diener and E.M. Su: 257-88.
- Woo, Changbin. 2018. "Good Governance and Happiness: Does Technical Quality of Governance Lead to Happiness Universally in both Rich and Poor Countries?" *Journal of International and Area Studies* 25(1): 37-56.

Table 1: Level of democracy (three common measures) is unrelated to life satisfaction

	(1)	(2)	(3)	(4)	(5)	(6)
V-Dem	0.210 [0.333]	0.253 [0.366]				
Polity			0.000 [0.008]	-0.007 [0.011]		
Dichotomous					-0.015 [0.100]	-0.009 [0.105]
GDP (logged)	0.584* [0.247]	0.556* [0.097]	0.455 [0.239]	0.603* [0.088]	0.592* [0.248]	0.567* [0.094]
Social Connectedness	1.888* [0.324]	2.022* [0.315]	1.603* [0.331]	1.659* [0.324]	1.876* [0.323]	2.004* [0.314]
Unemployment	-0.048* [0.007]		-0.047* [0.007]		-0.048* [0.007]	
Top 10% Income Share	-0.640 [1.097]		-0.586 [1.096]		-0.688 [1.115]	
Freedom to Make Life Choices		0.855* [0.217]		0.828* [0.224]		0.851* [0.218]
Generosity		0.549* [0.201]		0.350 [0.210]		0.545* [0.203]
Constant	-0.879 [1.991]	-2.217* [0.700]	-0.018 [1.963]	-2.471* [0.671]	-0.831 [2.025]	-2.200* [0.713]
Country Effects	X	X	X	X	X	X
Year Effects	X	X	X	X	X	X
# of Countries	153	158	149	154	154	159
R ²	0.90	0.90	0.91	0.91	0.90	0.90
N	1,848	1,832	1,567	1,549	1,850	1,834

Unit of analysis is country-year, 2005-2020. Dependent variable is 0-10 Cantril ladder life evaluation measure. Cell entries are OLS regression coefficients with standard errors clustered by country in brackets. * p<.05, two-tailed.

Table 2: Process and delivery quality of democracy measures are also unrelated to life satisfaction

	(1)	(2)	(3)	(4)	(5)	(6)
Process Quality	0.038 [0.099]	0.061 [0.110]			-0.017 [0.109]	-0.000 [0.118]
Delivery Quality			0.267 [0.164]	0.266 [0.158]	0.275 [0.176]	0.266 [0.170]
Model Specification	#1	#2	#1	#2	#1	#2
Country Effects	X	X	X	X	X	X
Year Effects	X	X	X	X	X	X
# of Countries	154	159	154	159	154	159
R ²	0.90	0.90	0.90	0.90	0.90	0.90
N	1,850	1,834	1,850	1,834	1,850	1,834

Unit of analysis is country-year, 2005-2020. Dependent variable is 0-10 Cantril ladder life evaluation measure. Cell entries are OLS regression coefficients with standard errors clustered by country in brackets. * p<.05, two-tailed. Covariates for the specification indicated in the table and described in the text are included but not shown.

Table 3: When each of the six components are considered individually, only higher government effectiveness predicts higher life satisfaction

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Voice and Accountability	0.014 [0.116]	-0.051 [0.129]										
Political Stability/ Absence of Violence			0.024 [0.062]	0.057 [0.067]								
Government Effectiveness					0.343* [0.102]	0.317* [0.095]						
Regulatory Quality							-0.055 [0.122]	0.029 [0.123]				
Rule of Law									0.095 [0.130]	0.087 [0.134]		
Control of Corruption											0.202 [0.106]	0.168 [0.110]
Model Specification	#1	#2	#1	#2	#1	#2	#1	#2	#1	#2	#1	#2
Country Effects	X	X	X	X	X	X	X	X	X	X	X	X
Year Effects	X	X	X	X	X	X	X	X	X	X	X	X
# of Countries	154	159	154	159	154	159	154	159	154	159	154	159
R ²	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90
N	1,850	1,834	1,850	1,834	1,850	1,834	1,850	1,834	1,850	1,834	1,850	1,834

Unit of analysis is country-year, 2005-2020. Dependent variable is 0-10 Cantril ladder life evaluation measure. Cell entries are OLS regression coefficients with standard errors clustered by country in brackets. * p<.05, two-tailed. Covariates for the specification indicated in the table and described in the text are included but not shown.

Table 4: General robustness of government effectiveness finding (samples split by GDP, level of democracy, and timeframe)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	GDP				V-Dem Electoral Democracy				Timeframe			
	< median		> median		< median		> median		2005-2012		2013-2020	
Government Effectiveness	0.331*	0.400*	0.254*	0.195	0.262	0.322*	0.476*	0.397*	0.367*	0.404*	0.330*	0.180
	[0.152]	[0.137]	[0.121]	[0.140]	[0.141]	[0.117]	[0.143]	[0.147]	[0.169]	[0.181]	[0.156]	[0.169]
Model Specification	#1	#2	#1	#2	#1	#2	#1	#2	#1	#2	#1	#2
Country Effects	X	X	X	X	X	X	X	X	X	X	X	X
Year Effects	X	X	X	X	X	X	X	X	X	X	X	X
# of Countries	91	95	83	84	96	98	85	87	150	155	150	154
R ²	0.75	0.75	0.91	0.91	0.81	0.82	0.93	0.92	0.93	0.94	0.92	0.92
N	916	917	934	917	924	915	926	916	796	770	1,054	1,064

Unit of analysis is country-year, 2005-2020. Dependent variable is 0-10 Cantril ladder life evaluation measure. Cell entries are OLS regression coefficients with standard errors clustered by country in brackets. * p<.05, two-tailed. Covariates for the specification indicated in the table and described in the text are included but not shown.